

Financial Management Circular	#89-2
Date Issued	March 15, 1989
General Subject	Overtime
Specific Subject	Timely payment/ record-keeping
Authority	31 IAC 1-9-2(k) 31 IAC 2-11-2(k)
Application	This circular applies to overtime compensation for employees covered by the Fair Labor Standards Act <u>ONLY</u> .

The Fair Labor Standards Act (FLSA) requires that covered employees receive premium compensation for overtime work and, if they are compensated monetarily, that payment be received with the regular payment of wages for the pay period in which overtime work was performed. Employees in the following job categories are covered by the FLSA:

- PAT VI
- COMOT I through VI
- LTC I through V
- Supervisory and Managerial COMOT IV through VIII
- Supervisory and Managerial LTC IV through VII
- POLE II through IV

Sections 31 IAC 1-9-2 and 31 IAC 2-11-2 of the personnel rules address overtime in detail. The purpose of this circular is to modify the requirements for prior approval of overtime compensation.

Sub-section k states that the "...Director of the State Budget Agency ...may ...require... that any or all overtime work, prior to its assignment, must be approved by the State Budget Agency." For some time, agency heads have been required to seek prior approval for all overtime worked. The Personnel Department and the Budget Agency have determined that there are circumstances when it is appropriate for the agency heads to have the authority to approve overtime for their employees.

ESSENTIAL COVERAGE

Prior approval by the Personnel Department and the Budget Agency to assign overtime work is **not required when the overtime is needed to provide essential coverage**. Agency heads or their designees may require employees to work overtime whenever necessary to ensure the health, welfare and/or safety of citizens, patients, inmates, residents and/or students. Payment for any overtime worked by an employee during a pay period must be made along with regular payment of wages for the same pay period.

OTHER OVERTIME

All other overtime must be approved **IN ADVANCE** by the State Budget Agency. Except for unusual requests or extraordinarily large requests, the Budget Agency will either approve or disapprove requests orally.

OVERTIME LOG

Agencies will be required to maintain a log of overtime worked. A sample log format is attached. It requires the date(s) overtime is worked, the number of hours and the dollar amount, the classification of employee(s) working overtime and an indication as to whether or not it was "essential coverage" overtime. A monthly summary of this report should be submitted to the Budget Agency within ten days after the end of each month.

This system is being implemented to reduce paperwork and to assure that employees who work overtime are timely paid. Remember, if the method of overtime compensation is not compensatory time off, the overtime wages **must be paid along with regular payment for the pay period** in which the work was performed.

Much responsibility for making decisions about overtime is being shifted to agency heads. This means that agency heads are responsible for determining whether the agency has sufficient funds available to pay the overtime.

The Budget Agency will require prior approval of all overtime from any agencies that abuse the flexibility provided in this circular.

Robert C. McHenry
Director, State Personnel Department

Frank Sullivan, Jr.
Director, state Budget Agency

